



Accounting 101



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Introductions



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Accounting 101 Purpose and Objectives

Purpose of Today's Session:

- To build confidence with key accounting terms and concepts
- To provide a simple, accessible overview of financial fundamentals – no accounting degree required
- To support your day-to-day financial tasks with a clearer understanding of the “why” behind common transactions

By the end of today's session, you will:

- ✓ Understand basic accounting terms like debits, credits, income statements, and balance sheets
- ✓ Gain clarity on concepts like net assets, journals, accruals, and deferred revenue
- ✓ Feel more comfortable applying these concepts to your work
- ✓ Know where to find additional support and resources after today



Common Accounting Terms

Accrual Based Accounting	Revenue and expenses are recognized and recorded when they occur, compared to the cash basis, which recognizes revenue and expenses when they are received or paid.
Assets	Resources owned by UofL that have economic value and can provide future benefits (e.g., cash, investments, campus buildings, equipment, and accounts receivable).
Liabilities	Obligations or debts that UofL owes to external parties, which must be settled in the future (e.g., loans, accounts payable, accrued liabilities, deferred revenue).
Net Assets	The residual interest in the assets of the university after deducting liabilities. It represents the net worth of the university (e.g., retained earnings).
Revenue	Income generated from the university's primary activities, such as tuition fees, grants, and donations.
Expenses	Costs incurred by the university in the process of earning revenue or for maintaining operations (e.g., salaries, research expenses, maintenance).
Net Income	The difference between total revenue and total expenses over a period of time. It is a measurement of profitability.

Common Accounting Terms (Cont'd)

Cash

Cash represents the liquid assets available to the University of Louisville, reflecting its immediate financial resources. It is the money in the bank and other forms of cash that the university can use right away. **In Workday Finance, understanding cash involves looking at various components that contribute to the Net Position.**

Net Assets

Net assets show the university's overall financial health. It shows the difference between what the university owns (assets) and what it owes (liabilities). It is the money that has been reinvested back into the university to support its operations and growth. Think of it as the university's net worth. **In Workday, it's important to look at the Net Assets to get a complete picture of the unit's financial health, rather than just focusing on individual components like cash.**



Accrual Accounting and Accounting Periods Tips You'll Want to Know

Two primary methods of accounting are:

- Cash basis
- Accrual basis

Accrual is all about timing:

- Expense is recognized when it occurs, not when it is paid
- Revenue is recognized when it is earned, not when it is collected
- Leads to more accurate financial reporting

Accounting Fiscal Year

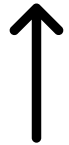
- The fiscal year is July 1 through June 30

Accounting Periods (1-12)

- Periods 1 through 12 represent July through June

DEBIT (positive)

Entries that **increase asset or expense accounts** and **decrease liability, equity or revenue accounts**



Increase asset accounts (e.g., accounts receivable and cash)

Increase expense accounts (e.g., salaries, travel)

Decrease liability accounts (e.g., accounts payable)



Decrease equity accounts (e.g., retained earnings)

Decrease revenue accounts (e.g., tuition, fees, clinical)

CREDIT (negative)

Entries that **increase liability, equity, or revenue accounts** and **decrease asset or expense accounts**



Increase liability accounts (e.g., accounts payable)

Increase equity accounts (e.g., net assets/retained earnings)

Increase revenue accounts (e.g., tuition, fees, clinical)



Decrease asset accounts (e.g., accounts receivable and cash)

Decrease expense accounts (e.g., salaries, travel)



Accounting Tips You'll Want to Know

All accounting entries must balance

- The credits (negatives) must balance to the debits (positives)
- An accounting entry will not post to general ledger unless it's in balance

GL account codes with a Debit balance

- Expenses (beginning with a 5)
- Assets (beginning with a 1)

GL account codes with a Credit balance

- Revenue (beginning with a 4)
- Liabilities (beginning with a 2).

DEFINITION

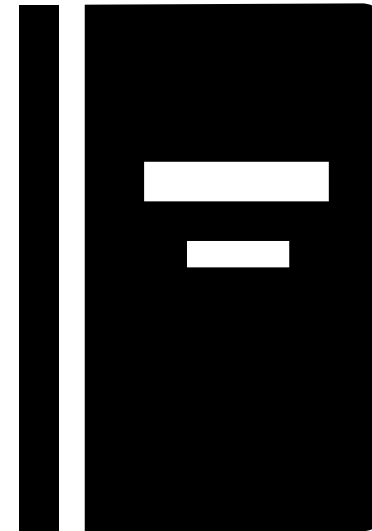
A record of financial transactions in the general ledger

PURPOSE

To categorize transactions and obtain approval before they are posted to the general ledger

COMPONENTS

- **Journal Entry Number:** A unique identifier for each journal entry
- **Date:** The date the transaction is recorded
- **Account Number:** The accounts the transaction is to post
- **Debits and Credits:** The amounts for each account
- **Description:** A brief explanation of the purpose of the transaction



Journals provide detailed transaction information for individual transactions. They do NOT provide a summarized view of overall financial health. Total debits should equal total credits.

DEFINITION

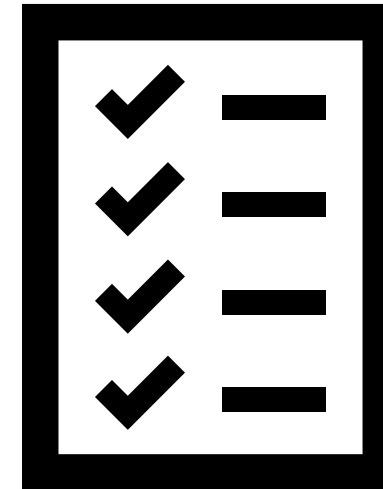
A report that lists the balances of all general ledger accounts at a certain point in time

PURPOSE

Utilized to determine the accuracy of the ledger accounts.
To confirm the total debits = total credits

COMPONENTS

- **Account Name:** The name of each account (e.g., Cash, Accounts Receivable).
- **Account Number:** The unique identifier for each account.
- **Dollar amount** recorded in each account (debits will be positive amounts and credits will be reflected as negative amounts).



If total debits and credits don't match, the user must identify and correct errors (**reconciliation**) in the ledger entries. Common errors include: double entries, transposition error, missed entries, or incorrect amounts.

DEFINITION

A statement of the assets, liabilities and net assets as of a specific date.

PURPOSE

Provides a snapshot of the financial position at a specific point in time. It lists what the unit/university owns (assets) and owes (liabilities), and the net worth (net assets)

COMPONENTS

- **Assets:** Cash, investments, receivables, buildings, and equipment
- **Liabilities:** Loans, accounts payable, accrued expenses, and deferred revenue
- **Net Assets:** the overall financial health of the university.



Provides a comprehensive view of the unit/university's financial position, helping to identify strengths and areas for improvement.

$$\text{Assets} = \text{Liabilities} + \text{Net Assets}$$

DEFINITION

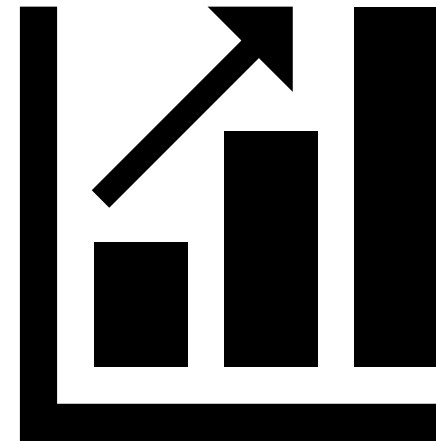
A financial report that summarizes revenue, expenses, and net income over a specific period of time (e.g., quarter, or annually)

PURPOSE

Provides financial insights to management to assist in making information decisions about budgeting, spending and resource allocation.

COMPONENTS

- Revenues
- Expenses
- Net Income (difference between revenue and expenses) i.e. change in Net Assets



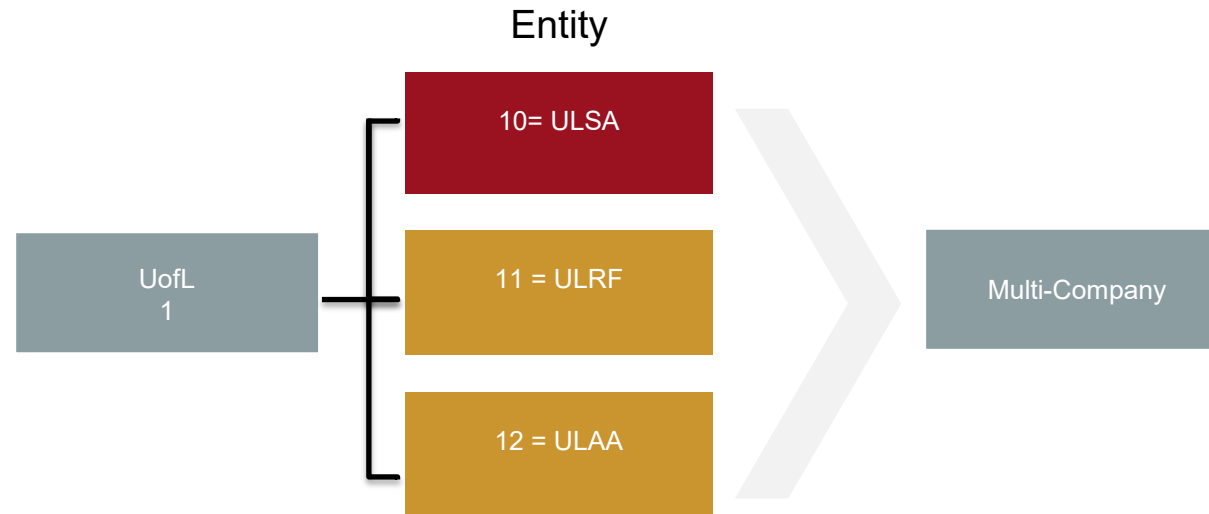
The income statement shows the financial performance over a specific period, highlighting profitability. It is often used for comparison and trend analysis.

$\text{Revenues} - \text{Expenses} = \text{Changes in Net Assets}$



Applying Concepts to Your Work

How Fund Codes Map to Companies



Did You know? The entity is based on the first two (2) digits of the four (4) digit fund code.



How to Find Your Company's Program Assignment

UNIVERSITY OF LOUISVILLE Home > FI > Listings > Speedtypes

Deptid Fund Program

Fiscal Year

Navigation: 1 of 2 ? 100% [Icons]

SPEEDTYPE	DESCR	DEPTID	DEPT DESCR	FUND	PROGRAM
Z9006	Sub Funds Kersey Lib	2726000150	LIB - Collection Management	1002	Z9006
Z9005	Student Res Fund	4210100123	Anatomical Science/Neurobiology	1002	Z9005
Z8520	Utility Savings	0520000000	University-Utilities	1002	Z8520
Z8062	Gain Share:Ctr for Predictv Med	4220000123	Ctr for Predictive Medicine	1002	Z8062
Z8045	Savings - Public Health	4510100122	Sch of Publ Hlth & Info Sci	1002	Z8045
Z8043	Savings - Nursing	4310000129	Nursing Administration	1002	Z8043
Z8042	Savings - Medicine	4210000123	Medicine - Dean's Office	1002	Z8042
Z8041	Savings - Dentistry	4110000111	Dent - Admin	1002	Z8041
Z8040	Savings - HSC Fin & Admin	4010000123	HSC Finance and Admin	1002	Z8040
Z8036	Savings - Graduate School	3610000117	Graduate School Administration	1002	Z8036
Z8034	Savings - Music	3410000126	Music Administration	1002	Z8034
Z8033	Savings - Law	3310000120	Law Administration	1002	Z8033
Z8032	Savings - Kent	3210000105	Kent School Admin	1002	Z8032
Z8031	Savings - Education	3110000114	ED-Dean Administration	1002	Z8031
Z8030	Savings - Business	3010000108	College of Business	1002	Z8030
Z8029	Savings - Speed	2910000135	Spd-Speed School of Engr Admin	1002	Z8029
Z8028	Savings - A&S	2810000102	A&S Dean's Office	1002	Z8028
Z8027	Savings - Libraries	2710000150	LIB - Admin	1002	Z8027

UNIVERSITY OF LOUISVILLE Home > FI > Listings > Speedtypes

Deptid Fund Program

Fiscal Year

Navigation: 1 of 2 ? 100% [Icons]

SPEEDTYPE	DESCR	DEPTID	DEPT DESCR	FUND	PROGRAM
Z8026	Savings - VPCE	2610000156	VP-Community Engagement	1002	Z8026
Z8024	Savings - PAE	2410000156	VPUA-Admin	1002	Z8024
Z8022	Savings - VPSA	2210000059	VP Student Affairs	1002	Z8022
Z8021	Savings - EVPRI	2110000118	EVPRI Administration	1002	Z8021
Z8020	Savings - Provost	2010000156	Office of the Provost	1002	Z8020
Z8019	Savings OCM	1910000156	External Relations & Comm	1002	Z8019
Z8018	Savings Institutional Equity	1810000156	Institutional Equity	1002	Z8018
Z8017	Savings General Counsel	1710000156	General Counsel	1002	Z8017
Z8016	Savings - Risk/Audit/Complianc	1600000001	Risk/Audit/Compliance	1002	Z8016
Z8015	Savings - COO	1510000001	VP for Operations	1002	Z8015
Z8013	Savings - VP HR	1300000001	Human Resources	1002	Z8013
Z8012	Savings - VP Finance	1210000156	CFO Administration	1002	Z8012
Z8010	Savings - President	1010000156	Office of the President	1002	Z8010
Z8001	University Contingency	0120000000	Central University Reserves	1002	Z8001
Z7006	Jala - Gut	4210300123	Microbiology	1002	Z7006
Z7005	Maxwell Boakye-Density	4212000223	Division of Orthopaedic Trauma	1002	Z7005
Z7004	Gina Thomson - CPO	4210600123	Pathology	1002	Z7004
Z7003	Thomas Roussel - Cardiovascula	2918000335	Spd-Bio-Engineering	1002	Z7003
Z7002	Jonathan Kopechek - Cells	2918000335	Spd-Bio-Engineering	1002	Z7002



Click the link below to locate your company's assignment

<https://bi.louisville.edu/reports/report/FI/Listings/Speedtypes>



Example: CONT 15 Report (Balance Sheet + Income Statement)

Account Summary by Program with Net Assets

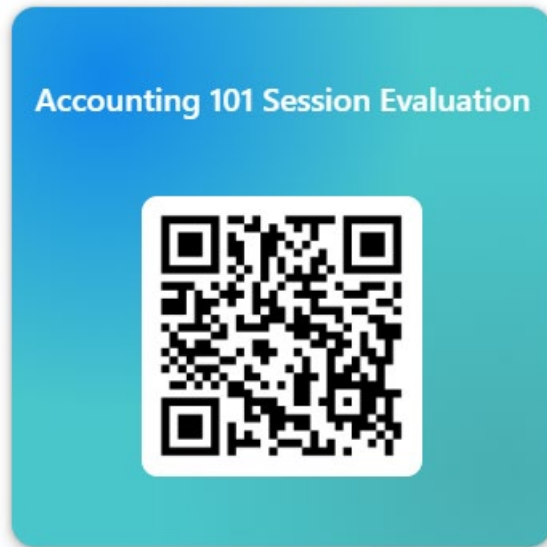
G3543 McConnell Archive Construction
As of Period: 12 Fiscal Year: 2025
Report Date: 5/1/2025

	2025				2024				2025 vs. 2024	
	JULY 1 BEGINNING BALANCE	Period 12 ACTIVITY	JULY THRU PERIOD 12 TOTAL AMT		JULY 1 BEGINNING BALANCE	Period 12 ACTIVITY	JULY THRU PERIOD 12 TOTAL AMT		DIFF\$	DIFF%
Fund: 1020										
Assets										
110101 Bank 1 - Cash Consolidation	(3,26,634.87)	0.00	(130.40)	YTD	(15,443.00)	(41,409.93)	(32,6,634.87)	YTD	3,26,504.47	-100.0%
Assets Total:	(3,26,634.87)	0.00	(130.40)		(15,443.00)	(41,409.93)	(32,6,634.87)		3,26,504.47	-100.0%
Liabilities										
214100 A/P and Accrued Liabilities	0.00	0.00	0.00	YTD	(67,082.00)	0.00	0.00	YTD	0.00	0.0%
214110 A/P (SYSTEM USE ONLY)	(22,606.34)	0.00	(471,210.00)	YTD	0.00	(22,606.34)	(22,606.34)	YTD	(448,603.66)	1984.4%
Liabilities Total:	(22,606.34)	0.00	(471,210.00)		(67,082.00)	(22,606.34)	(22,606.34)		(448,603.66)	1984.4%
Net Assets										
310000 Net Assets (Fund Equity)	349,241.21	0.00	349,241.21	YTD	82,525.00	0.00	82,525.00	YTD	266,716.21	323.2%
Net Assets Total:	349,241.21	0.00	349,241.21		82,525.00	0.00	82,525.00		266,716.21	323.2%
Revenue										
454405 UL Foundation Contributions	0.00	0.00	(1,936,946.16)	YTD	0.00	(285,094.54)	(608,585.42)	YTD	(1,328,360.74)	218.3%
Revenue Total:	0.00	0.00	(1,936,946.16)		0.00	(285,094.54)	(608,585.42)		(1,328,360.74)	218.3%
Expenses										
542100 Construction & Renovation	0.00	0.00	3,177.09	YTD	0.00	400.00	147,900.00	YTD	(144,722.91)	-97.9%
542450 Planning & Construction	0.00	0.00	1,615.00	YTD	0.00	0.00	25,387.50	YTD	(23,772.50)	-93.6%
544206 Furniture	0.00	0.00	109,399.65	YTD	0.00	38,459.54	38,459.54	YTD	70,940.11	184.5%
545117 PSC-Consultant	0.00	0.00	2,000.00	YTD	0.00	0.00	0.00	YTD	2,000.00	0.0%
545350 Physical Plant Services	0.00	0.00	81,507.97	YTD	0.00	3,622.11	10,937.04	YTD	70,570.93	645.2%
545610 Voice Network Installation	0.00	0.00	60.72	YTD	0.00	0.00	138.00	YTD	(77.28)	-56.0%
545645 Data Network Installation	0.00	0.00	0.00	YTD	0.00	132.00	225.28	YTD	(225.28)	-100.0%
556000 Signage	0.00	0.00	445.70	YTD	0.00	0.00	0.00	YTD	445.70	0.0%
597993 Purchasing Offset CIP	0.00	0.00	1,396,271.22	YTD	0.00	306,497.16	652,254.27	YTD	744,016.95	114.1%
597997 Capitalized Equipment Purchase	0.00	0.00	464,568.00	YTD	0.00	0.00	0.00	YTD	464,568.00	0.0%
Expenses Total:	0.00	0.00	2,059,045.35		0.00	349,110.81	875,301.63		1,183,743.72	135.2%
Proj/Grant Balancing Total	0.00	0.00	0.00		0.00	0.00	0.00			
Net Assets	349,241.21		471,340.40		82,525.00		349,241.21			
Total	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	0.0%



Questions & Answers

WE WANT TO HEAR FROM YOU



<https://forms.office.com/r/8dEUdRxwEG>

Accounting 101 Session Evaluation

Accounting 101 Session Evaluation – via Microsoft Forms

Question 1 How helpful was today's Accounting 101 session overall?

Question 2 How clear were the explanations of key accounting concepts?

Question 3 After today's session, how confident do you feel applying basic accounting concepts to your work?

Question 4 What part of the session did you find most useful?

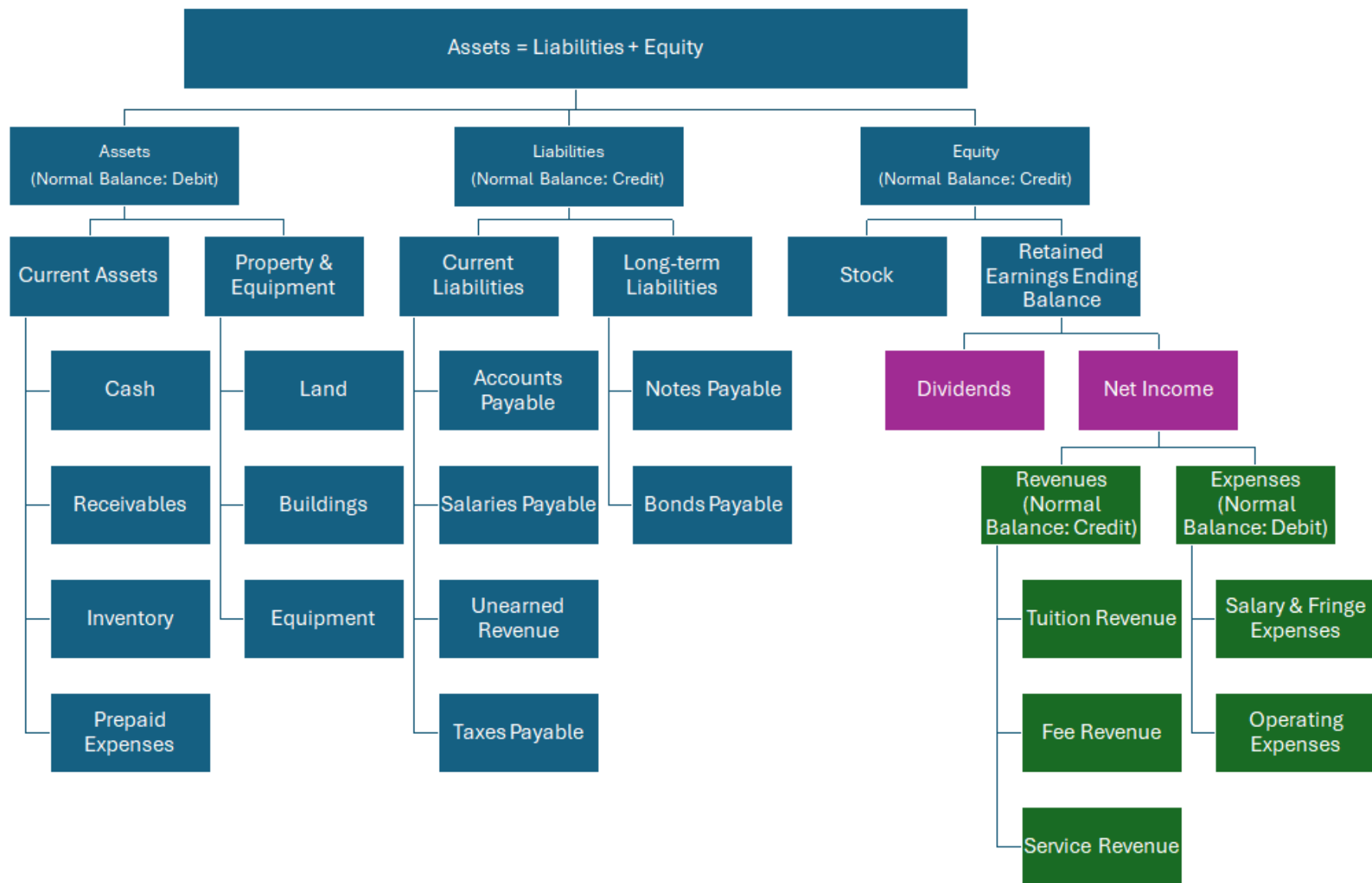
Question 5 Is there anything you wish we had covered in more detail?

Question 6 Would you be interested in additional sessions in the future (e.g., deeper dives into topics like reporting, budgeting, etc.)?

Question 7 Any additional comments or suggestions?



Appendix



Items listed in Purple are included on Retained Earnings Statement: Dividends & Net Income

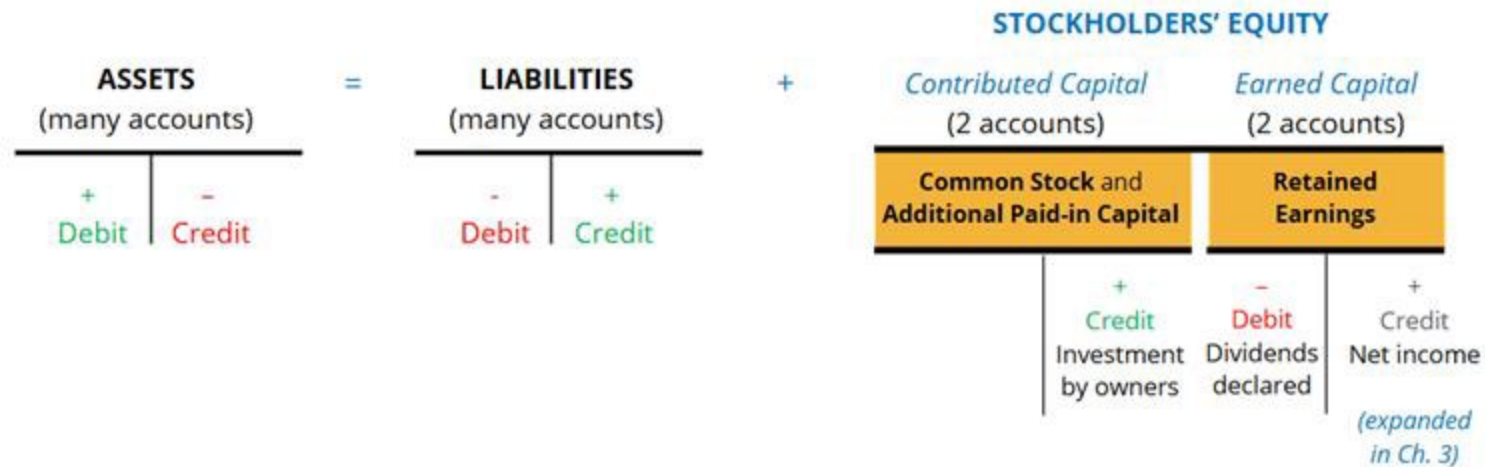
Items listed in Green are examples of items listed on Income Statement: Revenues & Expenses

Items in Blue are included on the Balance Sheet: Current Assets, Property, Liabilities, Stock & Retained Earnings

Sample - T-Chart/T-Ledger

Exhibit 2.5

Basic Transaction Analysis Model





Thank you for joining!
